



## State of Rhode Island and Providence Plantations

State House  
Providence, Rhode Island 02903-1196  
401-222-2080

Gina M. Raimondo  
Governor

July 8, 2019

TO THE HONORABLE, THE SPEAKER OF THE HOUSE OF REPRESENTATIVES:

In accordance with the provisions of Article IX, Section 14 of the Constitution of the State of Rhode Island and Section 43-1-4 of the Rhode Island General Laws, I transmit, with my disapproval, 2019-H 6102, "An Act Relating to Courts and Civil Procedure – Procedure Generally – Causes of Action." This act would create a private cause of action against an insurer for a violation of the state Unfair Claims Settlement Practices Act in the case of a total loss. If successful, the plaintiff could collect treble damages and attorneys' fees.

If enacted, Rhode Island would be the first state in the nation where private individuals can sue their insurers for up to three times the amount of their damages if they feel their vehicle has been unfairly totaled. At present, there are significant regulatory tools available to the Department of Business Regulation (DBR) to investigate and penalize the insurance industry on this point – providing for fines and restitution in cases where DBR can establish a pattern and practice of violations of the law. Indeed, DBR has aggressively exercised this authority to protect Rhode Island consumers – ordering fines and restitution of more than \$1.1M to date in cases of confirmed violations by insurance companies.

Existing state law regarding total loss determinations, based heavily on national model legislation, was never intended to establish the right for customers to sue insurers. Instead, it empowers DBR to police Rhode Island's insurance market for patterns of unfair practices relating to auto insurance claims. This new cause of action would replicate existing and effective administrative enforcement by creating a strong financial incentive to pursue a claim in court, weakening DBR's proven enforcement toolkit.

Adding a private cause of action providing treble damages and attorneys' fees would be unprecedented nationally, could trigger a significant volume of potentially frivolous litigation, and will ultimately drive insurance premiums – already among the highest in the nation – even higher for Rhode Island drivers. Enactment of this legislation may also force some insurers to exit the Rhode Island market, making our car insurance market even less competitive and more expensive.

While I have heard from several Rhode Island small businesses urging my support of this legislation, I cannot support it because overly burdensome, anti-business legislation like this hurts our overall business climate. We will continue to work with all stakeholders to improve outcomes and keep costs down for Rhode Islanders. Legislation like this works against the progress we've made together to improve the economy and make it easier to do business in our state. Demonstrating the seriousness of this issue, I have received requests to veto this legislation from nearly a dozen Rhode Island insurers.

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For these reasons, I disapprove of this legislation and respectfully urge your support of this veto.

Sincerely,

A handwritten signature in blue ink, reading "Gina Raimondo". The signature is fluid and cursive, with the first name "Gina" and last name "Raimondo" clearly distinguishable.

Gina M. Raimondo

Governor